

## TYPICAL DAY-TO-DAY PROCESSES QUALIFY FOR R&amp;D TAX CREDITS

**ABOUT TRI-POWER DESIGN LLC.** With over 20 years of solving multidisciplinary engineering challenges in a think tank environment, Tri-Power Design takes complex engineering challenges and turns them into solutions for medical, pharmaceutical, aerospace, consumer product and manufacturing industries. Whether it is surgical instruments, critical bench top test equipment, test fixtures, or hi-speed transfer and assembly systems, companies see a high ROI with Tri-Power. Over the last decade, Tri-Power's in-house manufacturing capability, based in Danville, New Jersey, has grown to a level not usually seen in design firms. An ISO 13485 and 9001-certified company, Tri-Power Design has close to 30 employees.

**THE CHALLENGE.** Like every small company, cash flow can be an issue for Tri-Power. Looking for ways to improve the situation, company leaders turned to the New Jersey Manufacturing Extension Program (NJMEP), part of the MEP National Network. The company had already worked with NJMEP on numerous projects, from ISO certification to Energy Procurement. In response to a conversation with Tri-Power, NJMEP introduced the company to R&D tax credits. Since 2012, NJMEP and its tax credit specialist have been working with Anthony La Rosa, Principal and Managing Partner at Tri-Power, on improving cash flow through R&D tax credits. Most manufacturers are not aware that many of their typical day-to-day processes qualify as research expenditures.

**MEP CENTER'S ROLE.** NJMEP assisted Tri-Power Design in preparing documentation to support the Federal R&D tax credit filing. They began by identifying qualified research and development activities and determining all qualifying expenses (wages, supply expenses, and contract expenses) attributable to the identified research efforts. NJMEP achieved this by collecting various types of contemporaneous documentation, including W2s and vendor invoices, to be used to calculate final figures relating to the IRS and state tax credits. Next, NJMEP assembled the technical supporting documentation and delivered a final R&D Tax Credit Study to Tri-Power.

In year one, the R&D tax credits generated thousands in credit value and cost savings, allowing Tri-Power Design to reinvest money for long-term growth. NJMEP also offers four hours of support in the event that the tax credit claim and/or supporting documentation is subjected to questions, review or audit by either the IRS or the state authorities.

"The R&D tax credits were very helpful in reducing our tax burden, which left more dollars in the company and indirectly allowed for spending in other areas. I continue to work with NJMEP on tax credits as well as other projects as needed. They are currently working on a Cost Segregation Study for us as I have been very pleased with their work."

-Anthony LaRosa, Principal & Managing Partner

## RESULTS



Cost savings of **\$20,000**



Tax credit value of over **\$30,000**



Reinvestment back into company

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